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Separate paging is given to this Part in order that it may be filed
as a separate compilation

MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 27th June, 1988/Asadha 6, 1910 (Saka)

THE ANDAMAN AND NICOBAR ISLANDS
KHADI AND VILLAGE INDUSTRIES BOARD
REGULATION, 1988

No. 1 OF 1988

Promulgated by the President in the Thirty-ninth Year of the
Republic of India.

A Regulation to provide for the establishment of a Board for the
development of khadi and village industries in the Andaman
and Nicobar Islands and for matters connected therewith.

In exercise of the powers conferred by article 240 of the Constitution,
the President is pleased to promulgate the following Regulation made by
him:—

CHAPTER I

PRELIMINARY

1. (1) This Regulation may be called the Andaman and Nicobar
Islands Khadi and Village Industries Board Regulation, 1988.

(2) It extends to the whole of the Union territory of the Andaman and
Nicobar Islands.

Short
title,
extent
and com-
mence-
ment.

(3) It shall come into force on such date as the Administrator may, by notification in the Official Gazette, appoint.

Definitions.

2. In this Regulation, unless the context otherwise requires,—

(a) "Administrator" means the Administrator of the Union territory of the Andaman and Nicobar Islands appointed by the President under article 239 of the Constitution;

(b) "Board" means the Andaman and Nicobar Islands Khadi and Village Industries Board established under section 3;

(c) "bye-law" means a bye-law made by the Board under this Regulation;

(d) "Chairman" means the Chairman of the Board;

(e) "Commission" means the Khadi and Village Industries Commission established under section 4 of the Khadi and Village Industries Commission Act, 1956;

61 of 1956.

(f) "Council" means the Pradesh Council constituted under section 3 of the Andaman and Nicobar Islands (Administration) Regulation, 1979;

4 of 1979.

(g) "khadi" means any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from a mixture of any two or all of such yarns;

(h) "member" means a member of the Board;

(i) "Official Gazette" means the Andaman and Nicobar Islands Gazette;

(j) "prescribed" means prescribed by rules made under this Regulation;

(k) "Vice-Chairman" means the Vice-Chairman of the Board;

(l) "village industries" means—

(i) any industry specified in the Schedule to the Khadi and Village Industries Commission Act, 1956;

61 of 1956.

(ii) any other industry which the Administrator may, after consultation with the Commission and the Board, specify by notification in the Official Gazette.

CHAPTER II

THE ANDAMAN AND NICOBAR ISLANDS KHADI AND VILLAGE INDUSTRIES BOARD

Establishment and incorporation of Board.

3. (1) With effect from such date as the Administrator may by notification in the Official Gazette, appoint in this behalf, there shall be established a Board to be called the Andaman and Nicobar Islands Khadi and Village Industries Board.

(2) The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power, subject to the provisions of this Regulation, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued:

Provided that no immovable property belonging to the Board shall be leased, sold or transferred, in any manner, to any person other than the Commission, except with the previous approval of the Administrator.

4. (1) The Board shall consist of such number of members, not less than three and not more than ten to be appointed by the Administrator after consultation with the Commission.

Constitu-
tion of
Board.

(2) The persons to be appointed as members under sub-section (1) shall be as follows:—

(a) one representative of the Commission;

(b) not exceeding one-third of the total number of members from among the officer of Government—*ex-officio*;

(c) remaining from among the persons having experience and faith in the khadi or village industries.

5. The Administrator may, after consultation with the Commission nominate the Chairman of the Board from among the members other than those referred to in clause (b) of sub-section (2) of section 4, who shall exercise and perform such powers and duties of the Board as may be prescribed and another member to be the Vice-Chairman of the Board who shall exercise and perform such powers and duties of the Chairman as may be prescribed or as may be delegated to him by the Chairman.

Chairman
and Vice-
Chairman
of Board.

6. The Administrator shall appoint, after consultation with the Commission and the Chairman, a member, other than the Chairman and the Vice-Chairman, to be the Secretary of the Board who shall exercise and perform such powers and duties of the Board as may be prescribed or as may be delegated to him by the Chairman.

Secretary.

7. Any member may resign his office by giving notice in writing to the Administrator and, on such resignation being notified in the Official Gazette by the Administrator, shall be deemed to have vacated his office.

Resignation
of office
by mem-
bers.

8. No act or proceeding of the Board shall be invalid merely by reason of—

Vacancies
etc., not
to invali-
date acts
and proce-
dings of
Board.

(a) any vacancy in, or any defect in the constitution of the Board; or

(b) any defect in the appointment of a person acting as a member of the Board; or

(c) any irregularity in the procedure of the Board not affecting the merits of the case.

9. (1) The Administrator shall appoint a person, not being a member, to be the Financial Adviser and Chief Accounts Officer of the Board who shall exercise and perform such powers and duties of the Board as may be prescribed.

Financial
Adviser and
Chief
Accounts
Officer and
Executive
Officer of
Board.

(2) The Administrator shall also appoint a person, not being a member, to be the Executive Officer of the Board who shall exercise and perform such powers and duties of the Board as may be prescribed or as may be delegated to him by the Chairman.

Terms of
Office and
the
terms and
conditions
of service
of the
Chairman,
Vice-
Chairman,
Secretary
and other
members,
etc.

10. The term of office and the terms and conditions of service of the Chairman, the Vice-Chairman, the Secretary to the Board and the other members and of the Financial Adviser and Chief Accounts Officer and the Executive Officer of the Board shall be such as may be prescribed.

Officers and
employees
of Board.

11. (1) Subject to such rules as may be made by the Administrator in this behalf, the Board may appoint such other officers and employees as it may consider necessary for the efficient performance of its functions:

Provided that no person whose honorarium or maximum salary exceeds three hundred rupees per month shall be appointed by the Board except with the previous approval of the Administrator.

(2) The terms and conditions of service of the officers and employees of the Board shall be such as may be determined by bye-laws.

Temporary
association
of persons
with
Board for
particular
purposes.

12. (1) The Board may associate with itself in such manner and for such purposes as may be determined by bye-laws, any person or persons whose assistance or advice it may desire in complying with any of the provisions of this Regulation.

(2) A person associated with the Board under sub-section (1) shall have the right to take part in the discussions of the Board relevant to the purpose for which he has been associated, but shall not have the right to vote, and shall be entitled to receive such allowances and fees as may be fixed by the Administrator.

Meetings of
Board.

13. (1) The Board shall meet at such times and places, and shall, subject to the provisions of sub-sections (2) and (3), observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum thereof) as may be provided by bye-laws:

Provided that the Board shall meet at least once in every two months;

Provided further that when the Chairman decides that an emergency meeting of the Board shall be called in the interest of the Board, he shall fix the time and place for the same.

(2) The Chairman, or in his absence, the Vice-Chairman or, in the absence of both, any member chosen by the members present from among themselves, shall preside at a meeting of the Board.

(3) All questions at a meeting of the Board shall be decided by a majority of the votes of the members present and voting and in the case of an equality of the votes, the Chairman, or in his absence, the Vice-Chairman, or in the absence of both, the person presiding, shall have a second or casting vote.

(4) The minutes of the meetings of the Board shall be drawn up and recorded in a book to be kept for that purpose, and shall be laid before the next meeting of the Board and signed at such meeting by the presiding officer thereof.

(5) The Board shall forward to the Administrator and the Commission copies of the minutes of the proceedings of any meeting of the Board within fifteen days from the date on which the minutes of the proceedings of such meeting were signed under sub-section (4).

14. The Board may constitute from among the members of the Board a Standing Finance Committee relating to finances of the Board.

Standing
Finance
Committee.

15. The Board may, from time to time, appoint one or more Committees for the purpose of securing the efficient performance of its functions, and in particular, for the purpose of securing that the functions are performed with due regard to the circumstances and requirements of khadi or any particular village industry and such Committees may be appointed for any particular area or areas.

Appoint-
ment of
other
Commit-
tees.

CHAPTER III

FUNCTIONS OF THE BOARD

16. (1) Subject to the provisions of this Regulation, the functions of the Board shall generally be to plan, organise and implement programmes for the development of khadi and village industries.

Functions
of Board.

(2) In particular and without prejudice to the generality of the foregoing power, the Board may take such steps as it may think fit—

(a) to assist, promote and encourage the production of khadi or the development of village industries;

(b) to carry on trade in and business of, khadi, or products of village industries;

(c) to provide work to persons professionally engaged in the production of khadi or in village industries;

(d) to grant loans to individuals societies and institutions engaged in the production of khadi or in village industries;

(e) to encourage establishment of co-operative societies for khadi or village industries;

(f) to plan and organise training of persons employed or desirous of seeking employment in the production of khadi or in village industries;

(g) to manufacture implements required for the production of khadi or for village industries;

(h) to arrange for supply of raw materials and implements required to secure the development of khadi or of village industries;

(i) to conduct publicity and propaganda of khadi or products of village industries and for this purpose arrange to open shops, stores, emporia and exhibitions;

(j) to undertake and encourage research for the improvement of quality and marketability of khadi or products of village industries;

(k) to collect and publish, such statistics and in such manner, as may be prescribed, relating to khadi or village industries;

(l) to carry out any other matters incidental to the above functions.

Power of
Commission to
give direc-
tions,

17. In the performance of its functions under this Regulation, the Board shall be bound by such directions as the Commission may give to it.

CHAPTER IV

PROGRAMME FOR SCHEMES OF WORK

Prepara-
tion and
submis-
sion of
program-
me,

18. The Board shall prepare, in such form and at such time in each financial year as may be prescribed, its programme of work for the next financial year showing—

(a) the particulars of the schemes which the Board proposes to execute whether in part or whole;

(b) the particulars of any work or undertaking which the Board proposes to execute for the purposes of carrying out its functions under this Regulation;

(c) such other particulars as may be specified by the Administrator;

and forward the same, before such date as may be prescribed, to the Administrator and the Commission.

Sanction
of pro-
gramme,

19. The Administrator may after consultation with the Commission, approve the programme referred to in section 18 with or without modification.

Supple-
mentary
prog-
ramme,

20. The Board may prepare, in such form and forward before such date as may be prescribed, its supplementary programme for the approval of the Administrator and the provisions of section 18 shall apply to such supplementary programme.

Power of
Board to
alter prog-
ramme,

21. The Board may, with the previous approval of the Administrator, make any alternation in any programme or supplementary programme so long as the aggregate amount does not exceed the amount approved for such programme and a report of such alteration shall be forwarded to the Commission in such form and within such time as may be prescribed

CHAPTER V

FINANCE, ACCOUNTS, AUDIT AND REPORTS

payment
to
Board.

22. The Administrator may pay to the Board in each financial year grants and loans of such sums of money as he may consider necessary for the efficient performance of its functions under this Regulation.

23. The Board may, for the purpose of development of khadi or village industries or the development of khadi and village industries, receive gifts, grants, donations, benefactions from the Government or any other person.

Board
to receive
gifts,
grants,
etc.

24. (1) Subject to such rules as may be made in this behalf, the Board may, with the previous sanction of the Administrator, borrow money from any source as it may deem fit for performing its functions under this Regulation:

Borrowing
power of
Board.

Provided that the previous sanction of the Administrator shall not be necessary for borrowing money from the Commission.

(2) The Administrator may guarantee in such manner, as he thinks fit, the repayment of the principal and the payment of interest thereon with respect to loans borrowed by the Board under sub-section (1).

25. (1) The Board shall have three separate Funds to be called the Khadi Fund, the Village Industries Fund and the General and Miscellaneous Fund.

Funds of
of
Board.

(2) There shall be credited,—

(a) to the Khadi Fund, all sums received by the Board for purposes relating to khadi;

(b) to the Village Industries Fund, all sums received by the Board for purposes relating to village industries;

(c) to the General and Miscellaneous Fund, all other sums received by the Board:

Provided that if the amount available in any of the said Funds is in excess of the requirements of that Fund and the amount available in any other of the said Funds is insufficient to meet the requirements of that Fund, the Board may, with the previous approval of the Administrator, transfer from the first mentioned Fund the excess amount or such part thereof as may be necessary to the other Fund.

Explanation.—For the purpose of computing the amount in any of the said Funds, the amount received under section 23 shall not be taken into account.

(3) All moneys belonging to all the Funds referred to in sub-section (1) shall be deposited in the State Bank of India or in such corresponding new bank as may be specified by the Administrator or, where there is no such bank, in any Government treasury, or be invested in such securities as may be approved by the Administrator.

10 of 1949.

Explanation.—“Corresponding new bank” has the meaning assigned to it in clause (da) of section 5 of the Banking Regulation Act, 1949.

(4) The sums credited under sub-section (1),—

(a) to the Khadi Fund, shall be applied for the purposes relating to khadi;

(b) to the Village Industries Fund, shall be applied for the purposes relating to village industries;

(c) to the General and Miscellaneous Fund, shall be applied for the purposes relating to khadi and village industries and for meeting the salary, allowances and other remuneration of the Chairman, Vice-Chairman, secretary, members, Financial Adviser and Chief Accounts Officer, Executive Officer and other officers and employees of the Board and other administrative expenses of the Board.

Power
of
Board to
spend.

26. Subject to the provisions of section 28, the Board shall have power to spend such sums as it thinks fit on purposes authorised by this Regulation:

Provided that nothing in this section shall be deemed to prevent the Board from spending, with the previous approval of the Administrator, such sums of money as it thinks fit on any such purpose outside the Union territory of the Andaman and Nicobar Islands.

Estab-
lishment
of
Reserve
Fund.

27. (1) The Board may, from time to time, set apart such sums as may be directed by the Administrator to a Reserve Fund.

(2) The Reserve Fund shall be maintained in such manner as may be prescribed.

(3) The Reserve Fund shall be applied for the purpose of, setting off of irrecoverable loans and losses, and direct trading activities.

Budget.

28. (1) The Board shall prepare, in such form and at such time in each financial year as may be prescribed, its budget for the next financial year showing the estimated receipts and expenditure of the Board and forward the same to the Administrator.

(2) The Administrator may sanction the Budget with or without modifications as he deems fit.

(3) The Board shall not be competent to transfer any amount sanctioned for one scheme to another scheme,—

(a) where the amounts in respect of such scheme are allotted by the Commission, without the previous approval of the Commission;

(b) in any other case, without the previous approval of the Administrator.

Supple-
mentary
Budget.

29. The Board may, in any financial year, prepare supplementary Budget in such form and at such time as may be prescribed and the provisions of section 28 shall apply in relation to such Supplementary Budget.

Accounts
and
Audit.

30. (1) The Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be determined by the Administrator in consultation with the Regional Audit Office, Port Blair under the Accountant General (Central), Calcutta.

(2) The accounts of the Board shall be audited by the Regional Audit Officer, Port Blair under the Accountant General (Central), Calcutta or such other person as the Administrator, in consultation with the

said officer, may appoint, and any expenditure incurred in connection with such audit shall be payable by the Board to the Accountant General (Central), Calcutta.

(3) The Regional Audit Officer, Port Blair or any other person appointed by him in connection with the audit of the accounts of the Board shall have the same rights and privileges and authority in connection with such audit as the officer generally has in connection with the audit of Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Board.

(4) Notwithstanding anything contained in sub-section (2), the Commission shall have the right to audit and inspect the accounts of the Board pertaining to the amounts paid to the Board by it and the Board shall comply with such directions as the Commission may issue in this regard.

(5) The accounts of the Board as certified by the Regional Audit Officer or any other person referred to in sub-section (2) together with the audit report thereon shall be forwarded annual to the Commission and to the Administrator who shall cause the same to be laid before the Council.

(6) The Board shall comply with such directions as the Administrator may issue after perusal of the audit report.

31. (1) The Board shall prepare, in such form and at such time in each financial year as may be prescribed, its annual report giving full account of its activities during the previous financial year and forward a copy thereof to the Administrator and the Commission within three months from the end of the previous financial year. Annual report, etc.

(2) The Administrator shall cause the annual report to be laid, as soon as may be after it is received by him, before the Council.

(3) The Board shall furnish to the Administrator and the Commission, at such time and in such form and manner such returns and statements and such particulars in regard to any proposed or existing programme for the promotion and development of khadi and village industries, as the Administrator or, as the case may be, the Commission may, from time to time require.

(4) The Board shall prepare and forward to the Commission a report within six months from the end of the previous financial year giving details of the —

(a) amounts received by it in the previous financial year from the Commission;

(b) the activities carried out by it with respect to which such amounts were received.

CHAPTER VI

MISCELLANEOUS

Members,
servants
of
Board,
etc., to
be
public
servants.

32. All members, Secretary, Financial Adviser and Chief Accounts Officer, Executive Officer and other officers and employees of the Board shall be deemed, when acting or purporting to act in pursuance of the provisions of this Regulation, to be public servants within the meaning of section 21 of the Indian Penal Code.

45 of 1860.

Protection
of action
taken in
good
faith.

33. No suit, prosecution or other legal proceedings shall lie against the Administrator or the Board or the Chairman or the Vice-Chairman or any member or Secretary or Financial Adviser and Chief Accounts Officer or Executive Officer or other officer or employee of the Board for anything which is in good faith done or intended to be done under this Regulation or the rules or bye-laws made thereunder.

Power
to
supersede
Board.

34. (1) If the Administrator is of the opinion that the Board is unable to perform, or has persistently made default in the performance of the duty imposed on it by or under this Regulation or has exceeded or abused its powers, or has wilfully or without sufficient cause, failed to comply with any direction issued by the Commission under section 17 or by the Administrator under sub-section (6) of section 30, the Administrator may, by notification in the Official Gazette, supersede the Board for such period as may be specified in the notification:

Provided that before issuing a notification under this sub-section, the Administrator shall give a reasonable time to the Board to show cause why it should not be superseded and shall consider the explanation and objections, if any, of the Board.

(2) Upon the publication of a notification under sub-section (1) superseding the Board,—

(a) all the members of the Board shall, notwithstanding that their term of office had not expired, as from the date of supersession, vacate their offices as such members;

(b) all the powers and duties which may, by or under the provisions of this Regulation, be exercised or performed by or on behalf of the Board shall, during the period of supersession, be exercised and performed by such person as the Administrator may direct;

(c) all property vested in the Board shall, during the period of supersession, vest in the Administrator.

(3) On the expiration of the period of supersession specified in the notification issued under sub-section (1), the Administrator may—

(a) extend the period of supersession for such further period as he may consider necessary; or

(b) reconstitute the Board in the manner provided in section 3.

Recovery
of
arrears.

35. If any amount due to the Board in accordance with the terms of a contract or otherwise or any sum payable in connection therewith has not been paid, the Board may, without prejudice to any other remedy provided by law, recover such amount or sum as arrears of land revenue.

36. (1) The Board may, after prior consultation with the Financial Adviser and Chief Accounts Officer to the Board, write off losses upto one thousand rupees in individual cases falling under any or all of the following categories, namely:—

Power
to
write
off
losses.

(a) loss of irrecoverable value of stores or of public money due to theft, fraud or such other cause;

(b) loss of irrecoverable advance other than loans; and

(c) deficiency and depreciation in the value of stores.

(2) The Board shall take suitable action against the persons responsible for the loss and shall also send to the Administrator a detailed report together with the action taken against the persons, if any, responsible for the loss.

Explanation.—Nothing contained in this Regulation shall apply to losses occasioned by irrecoverable loans and losses exceeding one thousand rupees in each individual case and sanction of the Administrator shall be obtained before such losses are written off.

37. The Board may, by general or special order in writing, delegate to any member or officer of the Board or any other person, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under this Regulation, (except the powers under section 39) as it may deem necessary.

Delega-
tion.

38. (1) The Administrator may, by notification in the Official Gazette, make rules to give effect to the provisions of this Regulation.

Power
to make
rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the powers which may be exercised and the duties which may be performed by the Chairman and Vice-Chairman under section 5;

(b) the powers which may be exercised and duties which may be performed by the secretary of the Board under section 6;

(c) the powers which may be exercised and the duties which may be performed by the Financial Adviser and Chief Accounts Officer and the Executive Officer of the Board under section 9;

(d) the term of office and the terms and conditions of service of the Chairman, the Vice-Chairman, the secretary, other members of the Board, the Financial Adviser and Chief Accounts Officer and the Executive Officer under section 10;

(e) the number, the control and restrictions subject to which other officers and employees of the Board to be appointed under section 11;

(f) the statistics and the manner of collection and publication thereof under clause (k) of sub-section (2) of section 16;

(g) the form in which, and the time at which, the Board shall prepare its programme of work and the date before which such programme shall be forwarded to the Administrator and the Commission under section 18;

(h) the form in which the Board shall prepare its supplementary programme and date before which such supplementary programme shall be forwarded to the Administrator under section 20;

(i) the form in which the Board shall prepare report relating to alternation of programme and the time within which such report shall be forwarded to the Commission under section 21;

(j) the procedure to be followed and the conditions to be observed in borrowing money under sub-section (1) of section 24;

(k) the manner in which the Reserve Fund shall be maintained under sub-section (2) of section 27;

(l) the form in which, and the time at which, the Board shall prepare its budget under sub-section (1) of section 28, its supplementary budget under section 29 and its annual report under sub-section (1) of section 31;

(m) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made by rules.

Power
to
make
bye-
laws.

39. (1) The Board may, with the previous approval of the Administrator, by notification in the Official Gazette, make bye-laws, not inconsistent with the provisions of this Regulation and the rules made under section 38, generally to carry out the purposes of this Regulation.

(2) In particular and without prejudice to the generality of the foregoing power, such bye-laws may provide for all or any of the following matters, namely:—

(a) the terms and conditions of service of officers and employees of the Board under sub-section (2) of section 11;

(b) the manner in which and the purposes for which, the Board may associate with itself any person under sub-section (1) of section 12;

(c) the times and places at which meetings of the Board shall be held and procedure to be followed thereat and the number of members which shall form a quorum at a meeting under sub-section (1) of section 13.

Rules
and
bye-
laws
to be
laid
before
Parlia-
ment.

40. Every rule and every bye-law made under this Regulation shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or bye-law or the both Houses agree that the rule or bye-law should not be made the rule or bye-law shall there after have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or bye-law.

R. VENKATARAMAN.

President.

R. VENKATARAMAN,

Additional Secy. to the Govt. of India.